

Message Text

SECRET

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ACTION SS-25

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FM AMEMBASSY CAIRO
TO SECSTATE WASHDC NIACT IMMEDIATE 2426
INFO AMEMBASSY AMMAN
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY TEL AVIV

S E C R E T SECTION 1 OF 2 CAIRO 3870

EXDIS

E.O. 11652: GDS
TAGS: PFOR US IS XF
SUBJECT: NORMALIZATION OF ARAB-ISRAEL RELATIONS IN A SETTLEMENT CONTEXT

REF: STATE 46389

1. IN OUR JUDGEMENT, DEGREE TO WHICH ARABS MAY BE WILLING TO MOVE BEYOND TERMINATION OF STATE OF BELLIGERENCY AND INTO FULL NORMALIZATION OF RELATIONS WILL DEPEND LARGELY UPON WHAT THE TERRITORIAL COMPONENT OF A SETTLEMENT LOOKS LIKE. IF ISRAEL WITHDREW TO 1967 BORDERS, WITH ONLY MINOR RECTIFICATIONS IN WEST BANK AREA, ARABS--LED BY EGYPT--MIGHT SHOW MORE FLEXIBILITY. IF ONE OR MORE LOSES LARGE CHUNKS OF TERRITORY, IN NAME OF DEFENSIBLE BORDERS FOR ISRAEL, PROSPECTS FOR PEACE AGREEMENT, LET ALONE FULL NORMALIZATION RELATIONS, ARE APPRECIABLY DIMMED. FOLLOWING COMMENTS BASED ON ASSUMPTION THAT TERRITORIAL COMPONENT OF A PEACE SETTLEMENT WILL BE A RETURN TO 1967 BORDERS, WITH ONLY MINOR RECTIFICATIONS AND THEREFORE BE GENUINELY SATISFACTORY TO ARABS.

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2. THERE ARE FOUR MAJOR ASPECTS OF FULL NORMALIZATION THAT MUST BE CONSIDERED: TRADE, COMMUNICATIONS, FREE PASSAGE OF PEOPLE AND DIPLOMATIC EXCHANGES. IN GENERAL, WE TEND TO BELIEVE THAT THE "PEACE AGREEMENT" ABOUT WHICH SADAT AND OTHER ARAB LEADERS SPEAK WOULD CONTAIN SPECIFIC LANGUAGE ELIMINATING ARAB BOYCOTT, WHICH MEANS IN EFFECT THERE IS NO FURTHER LEGAL BARRIER TO TRADE. IN THAT EVENT, WE WOULD EX-

PECT ENTERPRISING BUSINESSMENT ON BOTH SIDES SOONER OR LATER (AND PROBABLY SOONER) TO BEGIN TO TRADE. WE SHOULD SEE TO IT THAT LANGUAGE IN PEACE AGREEMENT IS SUFFICIENTLY SPECIFIC TO END PRIMARY BOYCOTT. COMMUNICATIONS SHOULD BE POSSIBLE. FREE PASSAGE OF PEOPLE WILL HAVE TO BE HANDLED A BIT MORE GINGERLY, SINCE SIGNING OF PEACE AGREEMENT WILL NOT OVERNIGHT BRING WITH IT DISAPPEARANCE OF EMOTIONAL HATRED WHICH THIRTY YEARS OF CONFLICT HAVE BRED ON BOTH SIDES. FORMAL DIPLOMATIC RELATIONS WILL, IN OUR JUDGEMENT, HAVE TO COME LAST, THOUGH SOME PREPARATORY STEP MIGHT BE TAKEN CONCURRENT WITH PEACE AGREEMENT. SOME THOUGHTS ON EACH OF THESE THREE MAJOR ASPECTS ARE SET FORTH BELOW:

3. TRADE AND ECONOMIC RELATIONS: THIS MIGHT BE HANDLED IN SEVERAL STAGES AS FOLLOWS:

A. FIRST STAGE

(1) FORMAL ELIMINATION OF SECONDARY BOYCOTT, PROVIDED ISRAELI WITHDRAWAL PROCEEDS ON SCHEDULE.

(2) FORMAL ELIMINATION OF PRIMARY BOYCOTT ONCE ISRAEL HAS WITHDRAWN TO AGREED UPON BOUNDARIES. DRAWING UPON EXISTING WEST BANK/GAZA/ISRAELI TRADE LINK FORMAT, SIMILAR INSTITUTIONALIZATION OF TRADE EXCHANGES BETWEEN EGYPT AND ISRAEL AND SYRIA AND ISRAEL COULD BE DEVELOPED.

(3) REVIVAL OF JOHNSTON PLAN FOR DIVISION OF JORDAN WATERS.

B. SECOND STAGE (TIMING DEPENDENT UPON HOW INITIAL STAGE WORKS)

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(1) IN ADDITION PASSAGE OF ISRAELI FLAG VESSELS THROUGH CANAL, GOE SHOULD AUTHORIZE USE OF SUEZ CANAL PORT FACILITIES BY ISRAELI FLAG VESSELS.

(2) ISRAELI ACCESS TO SUMED PIPELINE FOR OIL IMPORTS.

(3) DIRECT SALE OF POL PRODUCTS BY ARAB STATES TO ISRAEL.

4. COMMUNICATIONS

A. FIRST STAGE

(1) AT SOME POINT WHEN WHAT WE ASSUME WILL BE PHASED ISRAELI WITHDRAWAL TO FINAL BORDERS IS WELL AND SUCCESSFULLY UNDERWAY, THE ARAB STATES--AND ESPECIALLY EGYPT--SHOULD BE ASKED TO AGREE THAT SHIPS OF THIRD COUNTRIES BE PERMITTED TO GO TO AND FROM ARAB STATES AND ISRAEL FOR CARGO AND PASSANGERS. PASSENGER SHIPS SHOULD BE PERMITTED TO EMBARK AND DISEMBARK THIRD COUNTRY NATIONALS IN EGYPTIAN AND OTHER ARAB PORTS.

(2) CONCURRENTLY AIRLINES OF THIRD COUNTRIES WOULD BE PER-

MITTED TO GO TO AND FROM ARAB STATES AND ISRAEL.

(3) THIRD COUNTRY REGISTERED CARS SHOULD BE PERMITTED TO TRAVEL FROM ARAB COUNTRIES TO ISRAEL. (NOTE: THESE ARRANGEMENTS CAN BE WORKED OUT IN SIDE AGREEMENTS.)

B. SECOND STAGE

(1) JOINT EGYPTIAN-ISRAELI RECONSTRUCTION OF QANTARA-HAIFA RAILROAD. (THIS COULD BE PUT IN A SIDE AGREEMENT WITH COMMENCEMENT BEGINNING UPON COMPLETION OF ISRAELI WITHDRAWAL FROM OCCUPIED TERRITORIES.)

(2) NEGOTIATION OF STANDARD CIVIL AIR AGREEMENTS BETWEEN EGYPT AND ISRAEL TO PERMIT DIRECT AIR TRAVEL BY NATIONAL AIRLINES.

5. EXCHANGE OF PERSONS

A. FIRST STAGE

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(1) EXPLICIT RECOGNITION OF MOVEMENT OF GAZA/WEST BANK UNSKILLED LABOR INTO ISRAEL THROUGH NEGOTIATION OF AGREEMENT, PERHAPS SIMILAR TO THOSE EXISTING BETWEEN FRANCE AND MAGHREB COUNTRIES.

(2) REMOVAL OF IMPEDIMENTS FOR FAMILY VISITS BETWEEN ISRAEL AND ARAB STATES, PARTICULARLY ISRAELI GUARANTEES THAT NATIONALS OF ARAB ORIGIN WILL BE PERMITTED TO RETURN TO ISRAEL.

(3) ARAB STATES AGREE PLACE VISA IN PASSPORTS CONTAINING ISRAELI STAMPS.

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B. SECOND STAGE

(1) VISIT OF ISRAELI TOURISTS TO ARAB COUNTRIES, INITIALLY IN ORGANIZED MULTI-NATIONAL GROUPS AND VICE VERSA. THIS WOULD ALSO REQUIRE RECOGNITION OF RESPECTIVE COUNTRY'S PPTS.

(2) CULTURAL EXHIBITS ON NON-POLITICAL AND TECHNICAL SUBJECTS ABOUT EACH OTHER'S COUNTRIES HELD IN RESPECTIVE INTERESTS SECTIONS (SEE BELOW)

(3) EXCHANGE OF LECTURERS, SEMINARS AND EXHIBITS OF NON-POLITICAL NATURE IN INTERESTS SECTIONS WITH ISRAELI AND ARAB PARTICIPANTS. (NOTE: ALL THESE EXCHANGES WILL HAVE TO BE CAREFULLY HANDLED, SINCE THERE WILL UNQUESTIONABLY BE SECURITY PROBLEMS INVOLVED ON BOTH SIDES.)

6. DIPLOMATIC RELATIONS

A. FIRST STAGE

(1) ESTABLISHMENT OF AN ARAB INTERESTS SECTION (REPRESENTING SECRET

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THOSE STATES THAT ARE PARTY TO THE AGREEMENT) IN THE EMBASSY OF A NEUTRAL COUNTRY IN TEL AVIV AND THE ESTABLISHMENT OF ISRAELI INTERESTS SECTIONS IN EMBASSIES OF THEIR CHOOSING IN CAPITALS OF ARAB STATES THAT ARE PARTIES TO THE AGREEMENT. THE INTERESTS SECTIONS WOULD BE MANNED IN THE FIRST STAGE BY NATIONALS OF THE THIRD COUNTRIES CHOSEN. (TYPES OF ACTIVITY THAT WOULD JUSTIFY POLITICALLY THE ESTABLISHMENT OF INTERESTS SECTIONS FOR THE ARABS HAVE BEEN OUTLINED ABOVE.)

(2) ESTABLISHMENT OF JOINT COMMISSIONS WITH EACH OF THE CONFRONTATION STATES TO MEET ON BORDERS AND DEAL WITH BILATERAL PROBLEMS IN ORDER TO PROMOTE DIRECT RELATIONS AND ASSURE THAT INTERESTS SECTIONS MANNED BY THIRD COUNTRY NATIONALS DO NOT IMPEDE DEVELOPMENT OF DIRECT CONTACTS.

(3) ESTABLISHMENT OF A HOT LINE BETWEEN THE CAPITALS OF THE ARAB CONFRONTATION STATES AND TEL AVIV OR JERUSALEM FOR USE IN TIMES OF CRISIS.

B. SECOND STAGE

(1) ASSIGNMENT OF ISRAELI AND ARAB OFFICERS TO RESPECTIVE INTERESTS SECTIONS.

(2) ESTABLISHMENT OF DIRECT TELEGRAPHIC COMMUNICATIONS AND USE OF DIP POUCHES BY RESPECTIVE INTERESTS SECTIONS DIRECTLY WITH THEIR CAPITALS. (THESE TWO STEPS WILL PROBABLY HAVE TO WAID UNTIL COMPLETION OF ISRAELI WITHDRAWAL.)

(3) REPLACEMENT OF MILITARY OFFICERS WITH CIVILIAN OFFICIALS IN JOINT COMMISSIONS AND TRANSFER OF THESE JOINT COMMISSIONS TO RESPECTIVE INTERESTS SECTIONS AT SUCH MEAS LATTER ARE STAFFED BY ARABS AND ISRAELIS.

C. THIRD STAGE

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ESTABLISHEMENT OF FULL DIPLOMATIC RELATIONS

7. HOW TO IMPROVE THE ATMOSPHERE DURING NEGOTIATIONS RE PARA 3 REFTEL, THERE ARE MANY THINGS THAT THE ARABS COULD DO OR STOP DURING THE CURRENT PERIOD TO IMPROVE THE ATMOSPHERE, BUT THEIR WILLINRNESS TO DO SO WILL DEPEND UPON ISRAELI ACTIONS. FOR EXAMPLE, SINCE SINAI II, EGYPT HAS IN FACT TONED DOWN ITS ANTI-ISRAELI PROPAGANDA, EVEN THOUGH THE ISRAELIS ARGUE IT IS NOT ENOUGH. EGYPT HAS, HOWEVER, CONTINUED TO ENGAGE IN ACTIVITIES IN INTERNATIONAL FORA TO PROTECT WHAT IT CONSIDERS TO BE ITS OWN INTERESTS AGAINST ISRAELI POLICIES AIMED AT CREATING A FAIT ACCOMPLI IN THE AREA. THUS, ISRAELI SETTLEMENTS POLICY IS LIKE WAVING A RED FLAG BEFORE EGYPT AND THE OTHER CONFRONTATION STATES. SO IS ISREALI HARASSMENT OF EGYPTIAN OIL DRILLING OPERATIONS IN GULF OF SUEZ. SO LONG AS THOSE POLICIES CONTINUE, EGYPT AND THE OTHER ARABS WILL RESPOND IN ANY WAY THEY CAN. EGYPT HAS SUCCEEDED IN OBTAINING MANY FAVORABLE INTERNATIONAL UNGA RESOLUTIONS AND TO A LARGE EXTENT ISOLATING ISRAEL DIPLOMATICALLY. IT DID AGREE IN THE CONTEXT OF SINAI II TO TONE DOWN ITS EFFORTS WITH THE AFRICAN STATES ON THE MATTER OF THEIR RESUMING RELATIONS WITH ISRAEL. AT THE SAME TIME IT AS FOUGHT HARD TO PREVENT SPANISH DEIPLOMATIC REPRESENTATION IN ISRAEL. GOE CONSIDERS THIS AS ONE OF THE FEW CARDS IT HAS TO FIGHT ISRAELI EFFORTS TO CHANGE THE DEMOGRAPHIC PICTURE IN THE OCCUPIED AREAS. IF ISRAEL WOULD FREEZE SITUATION IN OCCUPIED TERRITORIES AND GULF OF SUEZ OIL DRILLING PROBLEM COULD BE RESOLVED WE WOULD STAND GOOD CHANCE OF PERSUADING EGYPTIANS AT LEAST TO ((A) TONE DOWN STILL MORE THEIR PROPAGANDA ATTACKS AND PERHAPS MUZZLE VOICE

OF PALESTINE BROADCASTS FROM CAIRO; (B) STOP URGING OTHER GOVERNMENTS, E.G., SPAIN, NOT TO EXCHANGE DIPLOMATIC REPRESENTATIVES WITH ISRAEL; (C) TACITLY DROP ITS CAMPAIGN LABELLING "ZIONISM AS A FORM OF RACISM."

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